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**UNITED STATES DISTRICT COURT
 WESTERN DISTRICT OF WASHINGTON**

JUSTIN STERNBERG, individually; SHAWN
 STERNBERG, individually; STEEL
 STRUCTURES AMERICA, INC., an Idaho
 corporation doing business in Washington and
 Idaho; STEEL STRUCTURES AMERICA, INC.
 D/B/A STEEL STRUCTURES AMERICA, INC.,
 WASHINGTON DIVISION, a foreign profit
 corporation doing business in Washington and
 Idaho; STERNBERG INVESTMENTS, L.L.C., a
 Washington limited liability company doing
 business in Washington and Idaho; STERNBERG
 PROPERTIES, LLC, a Washington limited liability
 company doing business in Washington and Idaho;
 GARAGE DOOR DESIGN, INC., a foreign profit
 corporation doing business in Washington and
 Idaho ; PERMA COLUMN PRECAST, INC., an
 Idaho corporation doing business in Washington
 and Idaho,

Plaintiffs,

vs.

MOSS ADAMS LLP, a Washington limited
 liability partnership doing business in Washington
 and Idaho; ANNA VAUGHAN, individually and
 as an agent of Moss Adams LLP; KELLI
 FRANCO, individually and as an agent of Moss
 Adams LLP.

Defendants.

No.

**PLAINTIFFS' COMPLAINT FOR
 DAMAGES**

1 Plaintiffs, by and through Ryan M. Best and Michael Merkelbach of Best Law, PLLC
2 complains of Defendants and allege as follows:

3 **I. PARTIES, JURISDICTION, VENUE, AND COVERAGE**

- 4 1.1 Shawn Sternberg is a resident of Kootenai County, Idaho.
5
6 1.2 Justin Sternberg is a resident of Kootenai County, Idaho.
7
8 1.3 Steel Structures America, Inc. (“SSA”) is an Idaho corporation doing business in Idaho
9 and Washington whose principal mailing address is P.O. Box 895, Post Falls, ID
10 83877-0895.
11
12 1.4 Steel Structures America, Inc. d/b/a Steel Structures America, Inc., Washington
13 Division (“SSAW”) is a foreign profit corporation whose principal address is 3635 E.
14 Covington Ave, Post Falls, ID 83854.
15
16 1.5 Sternberg Investments, L.L.C. is a Washington limited liability company whose
17 principal address is 3635 E. Covington Ave, Post Falls, ID 83854.
18
19 1.6 Sternberg Properties, LLC is a Washington limited liability company whose principal
20 address is 3635 E. Covington Ave, Post Falls, ID 83854.
21
22 1.7 Garage Door Design, Inc. is an Idaho corporation whose principal mailing address is
23 P.O. Box 895, Post Falls, ID 83877-0895.
24
25 1.8 Perma Column Precast, Inc. is an Idaho corporation whose principal mailing address
26 is P.O. Box 895, Post Falls, ID 83877-0895.
27
28 1.9 Moss Adams LLP (“Moss Adams”) is a Washington Limited Liability Partnership
whose principal place of business is 999 3rd Ave, Ste. 2800, Seattle, WA 98104.
1.10 Anna Vaughan resides in the Eastern District of Washington.
1.11 Kelli Franco resides in the Eastern District of Washington.

1.12 The Federal District Court for the Western District of Washington has personal jurisdiction over the parties and subject matter jurisdiction for the claims in this Complaint pursuant to 28 U.S.C. §1331 and 28 U.S.C. §1367.

II. FACTS

2.1 On May 25, 2014, Justin Sternberg divorced Melisa Sternberg.

2.2 Melisa Sternberg is the biological mother of Anna Vaughan.

2.3 On or about May 20, 2018, Defendant Moss Adams hired Defendant Anna Vaughan.

2.4 At 5:58 a.m. on May 20, 2018, Mr. Justin Sternberg contacted Moss Adams regarding Ms. Vaughan's working for Moss Adams. Mr. Sternberg asked if Ms. Vaughan, Mr. Sternberg's former step-daughter, would have access to any of Plaintiffs' tax information.

2.5 At 8:02 a.m. on May 20, 2018, Ms. Kelli Franco, a "Tax Partner" with Moss Adams, told Mr. Justin Sternberg that she would, "put a block on [Steel Structure]'s file, Perma Column, Sternberg Investments and [Justin's] and Shawn's file so no one can see it other than those that work on your account in Spokane."

2.6 Seven months later, at 6:06 p.m. on December 31, 2018, Justin Sternberg contacted Moss Adams to express concern that Anna Vaughan (his former step-daughter) would have access to his personal confidential information as well as the other Plaintiffs' confidential information.

2.7 In his December 31, 2018 email Mr. Sternberg wrote, "My former step daughter is now working in Seattle for Moss Adams . . . I need assurance of complete confidentiality and that she does not have access to our information and would like something in writing from Moss Adams ASAP . . . Her name is Anna Vaughan."

1 2.8 At 2:23 p.m. on January 2, 2019, Ms. Franco told Mr. Sternberg, “Yes...Anna is
2 removed from all access to your files as well as the Seattle Assurance staff. I know this
3 is a serious matter.”

4 2.9 In 2019, after Moss Adams (through its agent Ms. Franco) assured Mr. Sternberg that
5 it restricted Defendant Anna Vaughan from accessing his files, Moss Adams
6 transferred Defendant Anna Vaughan from Seattle to Spokane.
7

8 2.10 Despite its assurances to Mr. Sternberg, Moss Adams failed to restrict Defendant Anna
9 Vaughan from access to Plaintiffs’ confidential records.

10 2.11 On August 7, 2019, Ms. Anna Vaughan accessed the 2018 tax return information for
11 Justin Sternberg, Shawn Sternberg, Steel Structures, and Sternberg Investments.
12

13 2.12 On September 11, 2019, Ms. Vaughan accessed the 2018 tax return for Steel Structures
14 a second time.

15 2.13 Ms. Franco failed to supervise Moss Adams employees and failed to ensure that Ms.
16 Vaughan, or any other unauthorized Moss Adams employee, would not inspect or
17 disclose Plaintiffs’ tax return information.

18 2.14 On February 3, 2020, Mr. Sternberg knew Defendant Anna Vaughan had accessed
19 Plaintiffs’ confidential records and that Ms. Vaughan disclosed the information
20 without his consent, and at 12:38 p.m. sent an email to Ms. Franco requesting a meeting
21 to discuss the breach of information.
22

23 2.15 At 9:58 a.m. on February 4, 2020, Ms. Franco agreed to meet Mr. Sternberg the next
24 morning, at 8:00 a.m. on February 5, 2020.

25 2.16 But at 5:58 p.m. on February 4, 2020, Ms. Franco emailed Mr. Sternberg to cancel the
26 meeting because, “something came up.”
27

1 2.17 At 6:23 p.m. on February 4, 2020, Mr. Sternberg responded to Ms. Franco's
2 cancellation stating that his matter was urgent and he needed to reschedule the meeting.

3 2.18 Later that evening Ms. Franco called Mr. Sternberg to discuss what "came up" that
4 made her cancel the meeting.

5 2.19 After talking to Ms. Franco that evening, Mr. Sternberg knew that Defendant Anna
6 Vaughan approached Ms. Franco and reported accessing Plaintiffs' records and
7 disclosing the confidential information without consent.

8 2.20 Mr. Sternberg also knew that the restrictions in place while Defendant Anna Vaughan
9 was in Seattle were not in place when Ms. Vaughan transferred to Spokane.

10 2.21 During the phone call Ms. Franco admitted that she knew Mr. Sternberg wanted Moss
11 Adams to ensure that Ms. Vaughan would not have access to Plaintiffs' confidential
12 records; that Moss Adams failed to restrict Ms. Vaughan's access; and that because
13 Moss Adams failed to restrict Anna Vaughan's access, Ms. Vaughan was able to – and
14 did – access and disclose Plaintiffs' confidential records.

15 2.22 On or about February 5, 2020, Ms. Vaughan's employment at Moss Adams LLP
16 ended.

17 2.23 Moss Adams did not report Ms. Vaughan to any regulatory board as required by ethical
18 rules.

19 2.24 Ms. Vaughan, one of the CPA employees for Moss Adams, disclosed tax return
20 information to her mother (Melisa Sternberg) and her mother's boyfriend.

21 2.25 After Ms. Vaughan disclosed Plaintiffs' confidential information to Melisa Sternberg
22 and Ms. Sternberg's boyfriend, Plaintiffs' private and confidential information
23 (including private internal business records) were disseminated to the community
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(including Plaintiffs' employees, competitors, and vendors), which resulted in Plaintiffs' suffering consequential damages and complications in business operations.

2.26 Moss Adams, through its agent Ms. Kelli Franco, had actual knowledge of the volatile relationship between Mr. Sternberg and his ex-wife.

2.27 Moss Adams, through its agent Ms. Kelli Franco, had actual knowledge of Mr. Sternberg's lengthy and contentious divorce/custody litigation.

2.28 Moss Adams, through its agent Ms. Kelli Franco had actual knowledge that Ms. Vaughan was Ms. Sternberg's biological daughter.

2.29 Moss Adams, through its agent Ms. Kelli Franco had actual knowledge of Mr. Sternberg's relationship with Ms. Anna Vaughan.

2.30 After Moss Adams' unlawful inspection and disclosure of Plaintiffs' confidential tax return information, Plaintiffs requested Moss Adams produce all tax returns, K1's, depreciation schedules, accounting data, email correspondence, file notes, principal and Plaintiffs' company data that Moss Adams had in its possession, and provide it to Plaintiffs' new accounting firm.

2.31 Moss Adams refused to provide Plaintiffs or Plaintiffs' new accounting firm with the all the requested information in a timely manner.

2.32 Moss Adams' refusal to provide client files forced Plaintiffs to incur additional expenses to pay for professional services.

2.33 Moss Adams willfully or intentionally refused to cooperate with the transferring of Plaintiffs' tax documents to facilitate Plaintiffs filing their 2019 tax returns.

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III. CAUSES OF ACTION

**FEDERAL CAUSE OF ACTION:
UNAUTHORIZED DISCLOSURE (26 U.S.C. § 7431(a)(2))**

- 3.1 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through 2.33, as if set forth fully herein.
- 3.2 Plaintiffs designated Defendant Moss Adams to receive tax return information to prepare tax returns and provide tax advice.
- 3.3 Plaintiffs never granted permission for Defendant Moss Adams to disclose their tax information to Defendant Anna Vaughan.
- 3.4 Plaintiffs never granted permission for Defendants to disclose tax information to Melisa Sternberg or Ms. Vaughan's boyfriend.
- 3.5 Defendant Anna Vaughan, an agent of Defendant Moss Adams, knowingly and willfully accessed Plaintiffs' tax return and tax return information.
- 3.6 Defendant Anna Vaughan, an agent of Moss Adams, knowingly and willfully disclosed Plaintiffs' tax information to unauthorized third-parties, including, but not limited to Melisa Sternberg and to Ms. Sternberg's then-boyfriend.
- 3.7 Defendant Moss Adams was grossly negligent in preventing Defendant Anna Vaughan's unauthorized inspection and disclosure of Defendants' confidential tax records and tax record information.
- 3.8 Defendants are not officers or employees of the United States.

**FIRST STATE CAUSE OF ACTION:
BREACH OF CONTRACT**

- 3.9 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through 3.8, as if set forth fully herein.

1 3.10 Plaintiffs executed contracts with Defendant Moss Adams.

2 3.11 Moss Adams had a contractual duty to use the Plaintiffs' tax return information solely
3 to perform its contractual obligations and limit the dissemination of Plaintiffs'
4 information to only those employees that needed such access.

5 3.12 Moss Adams acknowledged and assumed a heightened duty to protect Plaintiffs'
6 confidential information from Anna Vaughan.

7 3.13 Moss Adams employees, despite being aware of Plaintiffs' concern, took insufficient
8 steps to ensure Plaintiffs' information remained private.

9 3.14 Moss Adams' multiple breaches of its contracts with Plaintiffs proximately caused
10 Plaintiffs' damages.
11

12 **SECOND STATE CAUSE OF ACTION:**
13 **NEGLIGENCE**

14 3.15 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through 3.14, as if set
15 forth fully herein.

16 3.16 Defendant Moss Adams had a duty to perform under its contract pursuant to the laws
17 and regulations established by Washington State law.

18 3.17 Defendant Moss Adams had an enhanced duty to protect Plaintiffs' confidential
19 information from Defendant Anna Vaughan after Mr. Sternberg notified Moss Adams
20 of his concern that Ms. Vaughan would have access to Plaintiffs' information and after
21 Moss Adams specifically assured him that neither Ms. Vaughan nor any other Moss
22 Adams employee in Seattle would be able to access Plaintiffs' confidential tax
23 information.
24

25 3.18 Defendant Moss Adams had a duty to protect Plaintiffs' confidential
26
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1 information from Defendant Anna Vaughan after Moss Adams transferred Ms.
2 Vaughan to Spokane.

3 3.19 Defendant Moss Adams breached its duty by allowing Ms. Vaughan to access and
4 disclose Plaintiffs' confidential tax return information.

5 3.20 Defendant Moss Adams breached its duty to Plaintiffs by allowing Ms. Vaughan to
6 access and disclose Plaintiffs' confidential tax return information.

7 3.21 Defendant Moss Adams breached its duty to the public by intentionally failing to report
8 Ms. Vaughan for illegally accessing Plaintiffs' confidential information and
9 maliciously providing it to her mother, Melisa Sternberg, for use as ammunition in
10 future family law litigation.

11 3.22 As a result of Defendants' breach of their duties, Plaintiffs have suffered damages in
12 an amount to be proved at trial.

13 3.23 Plaintiff Justin Sternberg has suffered, and will continue to suffer, significant damages
14 including, but not limited to, emotional pain and suffering, mental pain and suffering,
15 loss of enjoyment of life, loss of wages, loss of past earnings, loss of earning capacity,
16 and loss of business opportunity.

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18
19 **THIRD STATE CAUSE OF ACTION:**
20 **NEGLIGENT SUPERVISION**

21 3.24 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through
22 3.23, as if set forth fully herein.

23 3.25 Moss Adams negligently supervised its employees by allowing Mr. Sternberg's ex-
24 stepdaughter to access his, and the other Plaintiffs' confidential tax information,
25 despite having Mr. Sternberg notify Moss Adams on multiple occasions of the
26 potential for an unauthorized disclosure of his private information.

1 3.26 Moss Adams negligently supervised its employees by not ensuring that proper
2 restrictions were put into place to prevent an unauthorized disclosure of Mr.
3 Sternberg's confidential tax information after the Moss Adams employee told Mr.
4 Sternberg that such restrictions were in place.

5
6 3.27 Ms. Vaughan was not one of the Moss Adams employees assigned to Plaintiffs'
7 accounts.

8 3.28 Moss Adams had actual knowledge that Ms. Vaughan's only use for Plaintiffs'
9 confidential information would be malicious and to the detriment of Plaintiffs.

10 **FOURTH STATE CAUSE OF ACTION:**
11 **FAILURE TO REPORT VIOLATION OF**
12 **RULES OF CONDUCT (WAC 4-30-052(3))**

13 3.29 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through 3.28, as if set
14 forth fully herein.

15 3.30 Washington State law requires Certified Public Accounting Firms to
16 report violations of their Rules of Professional Conduct.

17 3.31 Defendant Moss Adams is aware of at least five times that Defendant Anna Vaughan
18 accessed Plaintiffs' tax return information and that she disclosed the information to her
19 mother (Mr. Sternberg's ex-wife, Melisa Sternberg) and to Melisa Sternberg's then-
20 boyfriend.

21
22 3.32 Despite having actual knowledge of Ms. Vaughan's unauthorized access to Plaintiffs'
23 confidential tax return information, Defendant Moss Adams did not report Ms.
24 Vaughan's violation.

1 3.33 Defendant Moss Adams did not subsequently report its own ethical violation for failing
2 to report Ms. Vaughan for intentionally and maliciously inspecting and disclosing
3 Plaintiffs' confidential records for the sole purpose of being used against Plaintiffs.
4

5 **FIFTH STATE CAUSE OF ACTION:**
6 **DECLARATORY RELIEF (RCW 7.24)**

7 3.34 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through 3.33, as if set
8 forth fully herein.

9 3.35 Plaintiffs seek from this Court a judgment declaring that Defendant Anna Vaughan, a
10 Moss Adams employee, intentionally accessed Plaintiffs' confidential tax records
11 without Plaintiffs' consent and for purposes other than to act in Plaintiffs' best interest.

12 3.36 Plaintiffs seek from this Court a judgment declaring that Defendant Anna Vaughan's
13 unauthorized access of Plaintiffs' confidential tax information violated the Rules of
14 Conduct Washington State law requires CPAs adhere.

15 3.37 Plaintiffs seek from this Court a judgment declaring that Defendant Moss Adams was
16 required to report Ms. Vaughan's unauthorized access to Plaintiffs' confidential tax
17 records.
18

19 3.38 Plaintiffs seek from this Court a judgment declaring that Defendant Moss Adams was
20 required to report Ms. Vaughan's unauthorized disclosure of Plaintiffs' confidential
21 tax information to Melisa Sternberg and to Ms. Sternberg's then-boyfriend.

22 3.39 Plaintiffs seek from this Court a judgment declaring that Defendant Moss Adams did
23 not provide Plaintiffs with the work papers and client-provided records in a reasonable
24 time to avoid Plaintiffs' incurring additional cost of filing tax returns and re-entering
25 Plaintiffs' information into a different CPA firm's system.
26
27

1 3.40 Plaintiffs seek from this Court a judgment declaring that Defendant Anna Vaughan
2 willfully inspected and disclosed Plaintiffs' confidential tax record information in a
3 manner not authorized by the Internal Revenue Code.

4 3.41 Plaintiffs seek from this Court a judgment declaring that Defendant Moss Adams,
5 through its employee, willfully inspected and disclosed Plaintiffs' confidential tax
6 record information in a manner not authorized by the Internal Revenue Code.
7

8 **IV. DAMAGES**

9 4.1 Plaintiffs re-allege and incorporate by reference paragraphs 1.1 through 3.38, as if set
10 forth fully herein.

11 4.2 As a result of Defendants' negligence, certain willful actions, certain malicious
12 actions, certain inactions, and various negligent acts, Plaintiffs have sustained, and will
13 continue to sustain, damages including, but not limited to emotional pain and suffering,
14 mental pain and suffering, loss of enjoyment of life, loss of wages, loss of past
15 earnings, loss of earning capacity, and loss of business opportunity in amounts to be
16 proved at trial.
17

18 **V. PRAYER FOR RELIEF**

19 **WHEREFORE**, Plaintiffs, demand judgment against Defendants for an Order as
20 follows:
21

- 22 1. Judgment against Defendant Moss Adams LLP establishing that Moss Adams:
23 (a) Did not furnish upon Plaintiffs, after Plaintiffs' request and reasonable
24 notice, the accounting records and working papers Moss Adams had in
25 its possession due to it representing Plaintiffs;
26
27

1 (b) Moss Adams committed or allowed Ms. Vaughan to commit, in Moss
2 Adams' name, acts that reflected adversely on Moss Adams' fitness to
3 hold itself out as a firm; and

4 (c) Moss Adams permitted Ms. Vaughan to carry out, on Moss Adams'
5 behalf, acts which violated the rules of conduct Washington State
6 Requires CPAs to follow;
7

8 2. Judgment against Defendant Anna Vaughan establishing that she:

9 (a) Committed acts on Moss Adams' behalf, which violated the rules of
10 conduct Washington State Requires CPAs to follow;

11 (b) Committed acts, in Moss Adams' name, that reflected adversely on
12 Moss Adams'/Ms. Vaughan's fitness to hold herself out as a CPA;
13

14 3. Damages sustained pursuant to 26 U.S.C. § 7431(c)(1)(A) regarding Plaintiffs
15 Shawn Sternberg, SSAW, Sternberg Investments, LLC, Sternberg Properties,
16 LLC, Garage Door Design, Inc., and Perma Column Precast, Inc.

17 4. Actual damages sustained by Plaintiffs Justin Sternberg and SSA pursuant to
18 26 U.S.C. § 7431(c)(1)(B)(ii).

19 5. Damages for Plaintiff Justin Sternberg's past and future emotional pain and
20 suffering, mental pain and suffering, loss of enjoyment of life, loss of wages,
21 loss of past earnings, loss of earning capacity, and loss of business opportunity
22 in amounts to be proven at trial;
23

24 6. Damages for Plaintiff Steel Structures America, Inc.'s loss of past earnings,
25 loss of earning capacity, and loss of business opportunity in amounts to be
26 proven at trial;
27

- 1 7. Punitive damages pursuant to 26 U.S.C. § 7431(c)(1)(B)(ii);
- 2 8. Plaintiffs' costs of this action pursuant to 26 U.S.C. § 7431(c)(2);
- 3 9. Reasonable attorney's fees pursuant to 26 U.S.C. § 7431(c)(3);
- 4 10. Pre-judgment interest and reasonable attorney's fees and costs as provided by
- 5 contract, equity, or RCW 4.84.250 et seq. and federal and Washington law; and
- 6 11. For other and further relief as the Court may deem just and proper.
- 7
- 8
- 9

10 Dated: August 4, 2021

11 BEST LAW, PLLC

12
13 By: /s/Ryan Best
14 Attorney for Plaintiff